

PSJ10 Exh 19

1 UNITED STATES DISTRICT COURT
2 FOR THE NORTHERN DISTRICT OF OHIO
3 EASTERN DIVISION

4 IN RE: NATIONAL)
5 PRESCRIPTION) MDL No. 2804
6 OPIATE LITIGATION)
7) Case No.
8) 1:17-MD-2804
9)
10 THIS DOCUMENT RELATES) Hon. Dan A.
11 TO ALL CASES) Polster
12)

13 FRIDAY, OCTOBER 26, 2018

14 HIGHLY CONFIDENTIAL - SUBJECT TO FURTHER
15 CONFIDENTIALITY REVIEW

16 - - -

17 Videotaped deposition of Stephan
18 Kaufhold, held at the offices of LIEFF
19 CABRASER HEIMANN & BERNSTEIN, LLP, 250 Hudson
20 Street, 8th Floor, New York, New York,
21 commencing at 12:03 p.m., on the above date,
22 before Carrie A. Campbell, Registered
23 Diplomat Reporter and Certified Realtime
24 Reporter.

25 - - -

GOLKOW LITIGATION SERVICES
877.370.3377 ph | 917.591.5672 fax
deps@golkow.com

1 A P P E A R A N C E S :
2

3 ROBBINS GELLER RUDMAN & DOWD LLP
4 BY: MATTHEW S. MELAMED, ESQUIRE
mmelamed@rgrdlaw.com
5 DORY P. ANTULLIS, ESQUIRE
dantullis@rgrdlaw.com
6 1 Montgomery Street, Suite 1800
San Francisco, California 94104
7 (415) 393-1500
Counsel for Plaintiffs
8

9 WILLIAMS & CONNOLLY LLP
10 BY: ANDREW C. MCBRIDE, ESQUIRE
amcbride@wc.com
725 Twelfth Street, N.W.
11 Washington, DC 20005
(202) 434-5331
12 Counsel for Cardinal Health, Inc.
13

14 REED SMITH LLP
15 BY: SAMANTHA L. ROCCHINO, ESQUIRE
srocchino@reedsmith.com
Three Logan Square
16 1717 Arch Street, Suite 3100
Philadelphia, Pennsylvania 19103
17 (215) 851-8100
Counsel for AmerisourceBergen
18

19 JONES DAY
20 BY: EDWARD M. CARTER, ESQUIRE
emcarter@jonesday.com
21 325 John H. McConnell Boulevard
Suite 600
22 Columbus, Ohio 43215-2673
(614) 469-3939
23 Counsel for Walmart
24
25

1 PELINI, CAMPBELL & WILLIAMS LLC
2 BY: PAUL B. RICARD, ESQUIRE
3 pbricard@pelini-law.com
4 8040 Cleveland Avenue NW, Suite 400
5 North Canton, Ohio 44720
6 (330) 305-6400
7 Counsel for Prescription Supply,
8 Inc.

9 ROPES & GRAY, LLP
10 BY: MAX R. MAEROWITZ, ESQUIRE
11 Max.Maerowitz@ropesgray.com
12 (VIA TELECONFERENCE)
13 800 Boylston Street
14 Boston, Massachusetts 02199-3600
15 (617) 951-7000
16 Counsel for Mallinckrodt

17 MARCUS & SHAPIRA LLP
18 BY: DARLENE M. NOWAK, ESQUIRE
19 nowak@marcus-shapira.com
20 (VIA TELECONFERENCE)
21 One Oxford Centre, 35th Floor
22 Pittsburgh, Pennsylvania 15219-6401
23 (412) 338-4690
24 Counsel for HBC

25 ARNOLD & PORTER KAYE SCHOLER, LLP
18 BY: JOANNA PERSIO, ESQUIRE
19 joanna.persio@arnoldporter.com
20 601 Massachusetts Avenue, NW
21 Washington, DC 20001-3743
22 (202) 942-5000
23 Counsel for Endo Pharmaceuticals
24 Inc., and Endo Health Solutions Inc.

1 MORGAN, LEWIS & BOCKIUS LLP
2 BY: EVAN K. JACOBS, ESQUIRE
3 evan.jacobs@morganlewis.com
4 1701 Market Street
5 Philadelphia, Pennsylvania 19103
6 (215) 963-5000
7 Counsel for Teva Pharmaceuticals
8 USA, Inc., Cephalon, Inc., Watson
9 Laboratories, Inc., Actavis LLC,
10 Actavis Pharma, Inc., f/k/a Watson
11 Pharma, Inc.

12 KIRKLAND & ELLIS, LLP
13 BY: JENNIFER LEVY, ESQUIRE
14 655 15th Street, NW, Suite 1200
15 Washington, DC 20005
16 (202) 879-5000
17 and
18 BY: MICHAEL LEFEVOUR, ESQUIRE
19 michael.lefevour@kirkland.com
20 300 North LaSalle
21 Chicago, Illinois 60654
22 (312) 862-2000
23 Counsel for Allergan Finance, LLC

24 COVINGTON & BURLING LLP
25 BY: ANDREW PALMER, ESQUIRE
(VIA TELECONFERENCE)
850 Tenth Street, NW
Washington, DC 20001-4956
(202) 662-6000
Counsel for McKesson Corporation

VIDEOGRAPHER:

HENRY MARTE,
Golkow Litigation Services

- - -

1 My name's Stephan Kaufhold.

2 I'm senior vice president, treasurer of

3 Allergan.

4 My home address is 781 Backhus

5 Estate Road, Glen Gardener, New Jersey. My

6 work address is 5 Giralda Farms, Madison, New

7 Jersey.

8 Q. My job today is to ask clear
9 questions. If the question I ask is unclear,
10 please let me know.

11 A. Sure.

12 Q. Please answer audibly, as you
13 are doing. Please avoid shaking your head or
14 nodding for a no or yes respectively.

15 Okay?

16 A. Understood.

17 Q. And similarly, please answer
18 with easily transcribable words such as yes
19 or no and not uh-huh or huh-uh.

20 Okay?

21 A. Yes.

22 Q. Have you been deposed before?

23 A. I have.

24 Q. So you're generally familiar
25 with the process?

1 A. I am.

2 Q. You understand that you've been
3 designated by a corporation to speak on
4 behalf of that corporation in your testimony
5 today, correct?

6 A. That is correct.

7 Q. What is the name of the entity
8 that designated you to testify on its behalf?

9 A. It would be Allergan PLC.

10 Q. And you are currently an
11 employee of Allergan PLC; is that correct?

12 A. That is not correct.

13 Q. Who are you currently employed
14 by?

15 A. I'm employed by Allergan Sales,
16 LLC.

17 Q. What is Allergan Sales, LLC's,
18 relationship to Allergan PLC?

19 A. It is an indirect subsidiary.

20 Q. Can you please tell me your
21 educational and employment history from --
22 starting from college and going through to
23 present?

24 A. Absolutely.

25 Undergraduate degree from

1 Loyola College, which is now Loyola
2 University, in Baltimore, Maryland; business
3 administration, BA, concentration economics,
4 finance.

5 I also have a BS in accounting
6 from St. Peters College.

7 Graduate degree, MBA, in
8 corporate finance from Fairleigh Dickinson,
9 and I've done some postgraduate work at
10 Columbia University.

11 From an employment perspective,
12 since graduating college, if you want to go
13 that far back, first job was with Security
14 Pacific Finance Corp., which was consumer
15 lending.

16 I then worked for Chase
17 Manhattan Leasing as a credit analyst. That
18 was then -- that operation was bought by AT&T
19 Credit Corporation financing telephone sets.

20 We were then sold to Nomura
21 Securities PLC, followed by a sale to
22 Newcourt Credit.

23 We were then bought by CIT.

24 CIT was sold to Tyco; we went
25 public again.

1 had a chance to look through those and ask
2 Special Master Cohen and, if necessary, Judge
3 Polster for the right to do so because of
4 these late-produced documents.

5 Did you talk to anybody at
6 Allergan or any Allergan-related entity in
7 preparation for your testimony today?

8 A. I have spoken to some people
9 within the company, yes.

10 Q. Who have you spoken to?

11 A. Members of our tax group.

12 Q. Which members of your tax
13 group?

14 A. Marty Shindler, Carina
15 Sinclair.

16 Q. Why did you speak to members of
17 the tax group?

18 A. Carina is the one who tracks
19 and maintains the corporate structure slides
20 that we've provided, and in regard to the
21 ANDAs and the transfers of IP, I spoke to
22 Marty Shindler as well.

23 Q. Is Marty Shindler also in the
24 tax group?

25 A. Yes, he is.

1 Q. And what tax -- what entity's
2 tax group do these people work for?

3 What is the name of the
4 corporation they work for?

5 A. They work for Allergan Sales,
6 LLC.

7 Q. Does Allergan PLC maintain its
8 own tax group separate and distinct from
9 Allergan Sales, LLC?

10 A. Does not.

11 Q. And you mentioned you spoke to
12 outside counsel in preparation for today's
13 deposition, correct?

14 A. That's correct.

15 Q. About how many times did you
16 speak with outside -- let -- let me withdraw
17 that.

18 About how many hours total did
19 you speak with outside counsel in preparation
20 for the deposition?

21 A. Probably somewhere between 15
22 and 20 hours.

23 Q. Over what period of time did
24 those 15 to 20 hours occur? For example, was
25 that during the last week? Was it over the

1 last month?

2 A. It was over the last -- I would
3 say over the last week.

4 Q. Did you speak with anybody
5 aside from colleagues at Allergan entities
6 and outside counsel in preparation for
7 today's deposition?

8 A. I have not.

9 Q. Did you speak to anybody at
10 Teva Pharmaceuticals in preparation for
11 today's deposition?

12 A. I have not.

13 Q. You're aware that some of the
14 subject matter covered by today's deposition
15 concerns generic opioids that were sold by
16 Allergan PLC to Teva, correct?

17 A. Could you rephrase that,
18 please?

19 Q. One of the subjects we're going
20 to talk about today is generic opioids,
21 correct?

22 A. That is correct.

23 Q. And the generic opioids were
24 sold by Allergan PLC, correct?

25 A. Allergan PLC was the party to

1 and here "we" is the "financial information
2 and transactions of Watson Pharmaceuticals,
3 Inc., prior to January 2013, Actavis, Inc.,
4 from January 2013 to October 2013, and
5 Allergan PLC and Warner Chilcott Limited,
6 subsequent to October 2013.

7 You see that, correct,
8 regarding "we"?

9 A. Actavis, comma, Inc., from
10 January 23, 2013, to October 1, 2013.

11 Q. Okay. And the rest of what I
12 said was correct?

13 A. Yes.

14 Q. Okay. That "we" will receive
15 \$33.75 billion in cash and 100.3 million Teva
16 ordinary shares or American depositary
17 shares, correct?

18 A. Yes.

19 Q. Is that what Allergan PLC
20 received for the sale of its generics
21 business to Teva?

22 A. At the -- this was, again,
23 2015. This had a certain value of the 100
24 million shares. On the day it closed, the
25 100 million shares would have been valued

1 something different than what is in this
2 agreement.

3 Q. So you did -- Allergan PLC did
4 receive approximately \$33.75 billion in cash?

5 A. That is correct.

6 Q. And then it received --

7 A. Shares.

8 Q. -- some -- some body of
9 approximately 100 million shares, give or
10 take, depending on the current value of the
11 shares?

12 A. Exactly.

13 Q. Where did that money get -- on
14 whose financial statements were the
15 \$33.75 billion in cash recorded?

16 A. Would have been recorded --
17 again, I don't have that direct knowledge.

18 Q. You were the treasurer --
19 currently your job is as treasurer, correct?

20 A. Yes.

21 Q. And you're treasurer of --
22 what's the name of the company? It's
23 Allergan...

24 A. I'm treasurer of several legal
25 entities in the Allergan group of companies.

1 Q. I'm sorry, who's your -- who
2 are you employed by?

3 A. I'm employed by Allergan Sales,
4 LLC.

5 Q. And as treasurer of Allergan
6 Sales, LLC, one of the companies that you
7 provide services to, that you are treasurer
8 for, is Allergan PLC, correct?

9 A. That is correct.

10 Q. Do you know whether the
11 \$33.75 billion went on to Allergan PLC's
12 financial statements?

13 A. It went on its consolidated
14 financial statements.

15 Q. Do you know what happened to
16 that money --

17 A. Yes.

18 Q. -- how it derived through --
19 how it made its way through the organization,
20 if it did?

21 A. Yes.

22 Q. What happened to the
23 \$33.75 billion?

24 A. When we received the company,
25 some of it, approximately \$6.2 billion, went

1 to -- would have been called Actavis Capital
2 S.a.r.l., okay, where we had debt
3 outstanding. We paid off approximately
4 6.2 billion of term loans, so the proceeds
5 went there.

6 A portion of the proceeds also
7 went to, I believe it would have been, the
8 Holdco, which was the owner, who had its net
9 investment in the group that we sold to Teva.

10 Q. What was the owner of the
11 hold -- what was the Holdco that sold the
12 generics entities?

13 A. In regard to the August 2,
14 2016, org chart, page 2 of 6 -- and again,
15 this is MDL03674502. If you go to page 2,
16 you see the top box that's in yellow, Actavis
17 Holdco US, that was sold to Teva.

18 It's direct parent was Allergan
19 Holdco US, comma, Inc. So a portion, a
20 majority of the funds, went to that entity.

21 Q. At that point in time did
22 Allergan Holdco US, comma, Inc., have any
23 employees?

24 A. No, it did not.

25 Q. Did Actavis Holdco US, comma,